

'Real Questions' on Fed Nominee

# What Did Miller Know About Iranian Sale Payoff?

By John Holusha  
Washington Star Staff Writer

One of the key questions involved in the troubled nomination of G. William Miller to be chairman of the Federal Reserve Board involves his candor when he testified before the Senate Banking Committee in mid-January.

Miller said he would be "amazed" if a \$2.9 million payment made by one of his corporate subsidiaries to an Iranian company was a bribe to get a \$500 million contract.

In fact, Miller said, he didn't even

recognize the name of the Iranian general who was said to be the secret owner of the firm and in a position to affect the award of the contract.

**HOWEVER, THE** committee also has a letter and testimony from a former sales agent for Miller's firm in Iran stating that the general was in fact the owner of the firm and using it as a front. The letter was sent to the president of Bell Helicopter, a subsidiary of Textron, Inc., which Miller headed.

Even if the members of the Senate Banking Committee conclude that the payment is not grounds to deny Miller a position described as the second- or third-most powerful in government, the candor question remains.

The committee will wrestle with the questions today and the nomination is to be discussed in the wake of a six-week committee staff investigation of the Iranian payment.

According to one source close to the investigation, there are "real and troubling questions about the legality of the payment and what high officials of the company — including Miller — knew about it."

The payment is also being investigated by the Securities and Exchange Commission and the foreign payments task force of the Justice Department, according to sources.

The SEC has advised the committee that its probe will take the normal four to six months such investigations take, making it more difficult for them to defer a judgement until the SEC report is in.

**THE CHARGES** about the \$2.9 billion payment burst like a bombshell at Miller's Jan. 25 confirmation hearing, interrupting and stalling what was expected to be a routine confirmation.

Miller has remained silent as various details of the investigation have leaked out, although he has expressed confidence in private that he will ultimately be confirmed. One of the committee's options is to recall Miller to answer the more recent charges.

The delay in Miller's confirmation has led to confusing situations on the Hill, where committees have had to put off scheduled sessions, and at the Fed itself where its lame duck chairman, Arthur Burns, has had to continue reluctantly as a policy maker.

The payments revelation has also exposed the fact that information that is in one part of government is not available to another part of government.

Although the committee chairman, Sen. William Proxmire, D-Wis., has never publicly said where the information on the \$2.9 million payment came from, it is generally acknowledged to have come from the CIA.

Officials of the SEC, which has forced several hundred U.S. corporations to disclose overseas payments, say they were completely unaware of the Textron payment until it was publicly revealed.

And the FBI, which does the background investigations of presidential appointees, was presumably similarly unaware.

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